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Chapter 11 Disclosure Statement FAQs

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BlockFi believes the plan filed with the Court is the fastest way for clients to receive the highest

recovery. We encourage all creditors to read the disclosure statement in full, which can be found [here](#).

- **What is a Chapter 11 Disclosure Statement?**

In a Chapter 11 case, the disclosure statement is a document that a company files with the court as part of its bankruptcy proceedings to provide creditors with adequate information necessary to make an informed decision on whether to vote to accept the plan. The disclosure statement includes information regarding, among other things, an overview of the plan, the events leading up to the chapter 11 cases, the events that have occurred during the chapter 11 cases, voting and tabulation procedures, and projected recoveries under the Plan. The disclosure statement is intended to give creditors the information that they need to make an informed decision about whether to vote to accept the plan.

- **What will happen now that the Disclosure Statement has been filed?**

The next step in the process is for our disclosure statement to be approved by the Court as containing adequate information. Our disclosure statement hearing is currently scheduled for June 20, 2023. Upon approval of the disclosure statement, we will begin soliciting votes on our plan. We will share additional information about the voting process once our disclosure statement has been approved by the Court.

If our plan receives the necessary amount of votes from our creditors and is approved by the Court, we will proceed towards emergence. The Plan currently contemplates distributions of digital assets in connection with BlockFi Wallet and recoveries on account of BIAs, BPCs, and Loan Collateral Claims as soon as reasonably practicable after emergence.

- **What is in BlockFi's Plan?**

We are proceeding with what is referred to as the “self-liquidation transaction” through which we will directly distribute assets to creditors. Voting in favor of the Plan is the fastest way for clients to receive the highest recovery.

On November 28, 2022, BlockFi filed voluntary cases under Chapter 11 of the U.S. Bankruptcy Code. Additional information about our filing can be found on our blog [here](#).

Your ability to vote on and your distribution under the plan depends on what type of claim or interest you hold. Each class's respective voting status can be found on page 29 of the Disclosure Statement. We will share additional information regarding voting on our plan once our disclosure statement has been approved by the Court.

- **What will I receive if the Plan is consummated?**

Estimated projected recoveries for each class of creditors can be found beginning on page [28] of the disclosure statement. The ultimate recovery for clients and other creditors will depend heavily on BlockFi's success or failure in litigation against commercial counterparties, including Alameda and FTX. Success or failure in these matters will make a positive or negative difference to client recoveries of over \$1 billion, orders of magnitude larger than any other issue facing BlockFi and its clients.

We are confident that the plan provides the best path forward to maximize recoveries for our creditors. We are committed to keeping creditors informed regarding potential recoveries as we progress through our case.

- **Why should I vote to accept this plan?**

We strongly recommend that you vote to accept the plan. Our plan maximizes recovery for BlockFi clients and provides for the quickest possible distributions to clients, while allowing us to wind down in an orderly fashion. Our plan will distribute digital assets to clients quickly and then focus efforts on pursuing real claims and causes of action against Alameda and FTX, among other commercial counterparties, to maximize recoveries for our clients.

Importantly, the Plan provides that clients will receive a "release" from BlockFi. This "release" means that BlockFi will release any clawback claims BlockFi could bring against you for transfers from BIAs or BPCs to Wallet and/or off the BlockFi Platform prior to the Platform Pause. Voting in favor of the plan, if ultimately approved, means that you will ***not*** have to come out of pocket for personal legal counsel to defend any clawback claims brought against you.

- **Is there an update on BlockFi's recoveries from FTX's Chapter 11 cases? How will those impact the recoveries in the Plan?**

The ultimate recovery to clients and other creditors will depend heavily on BlockFi's success or failure in litigation against Alameda and FTX, among other commercial counterparties. Any action that may impair BlockFi's ability to prosecute and defend against these claims would be irresponsible and could be catastrophic to client recoveries. Success or failure in these matters will make a positive or negative difference to client recoveries of over \$1 billion, orders of magnitude larger than any other issue facing BlockFi and our clients.

- **How did BlockFi determine that this was the value maximizing plan?**

Our Disclosure Statement follows months of work to determine the value maximizing path forward embodied in the plan that we believe will be best for our clients. We prioritized putting forward a plan that emphasized client recoveries, speed of distribution, asset safety, and security. We decided that utilizing our existing platform to distribute funds, while pursuing litigation against commercial counterparties, including FTX and Alameda, was aligned with that goal.

We believe voting in favor of the Plan is the fastest way for clients to receive the highest recovery.

- **What are the features of this Plan?**

The disclosure statement provides information about a “self-liquidation transaction” through which we will directly distribute assets to creditors. The disclosure statement describes the following key features of the plan, among others:

- **Projected Recoveries:** The disclosure statement provides a table of projected recoveries categorized by class of claim. While recoveries will be based on a number of factors, the largest driver of higher recoveries are BlockFi’s claims against Alameda and FTX.
- **Timing of Distributions:** After the initial distribution of assets, BlockFi will continue pursuing claims and causes of action against Alameda and FTX, among other commercial counterparties, to maximize recoveries for clients.
- **Wallet Clients:** The plan provides for the return of those non-estate digital assets held in client wallet accounts in connection with the wallet program in full, subject to applicable set offs.
- **Client Releases:** Clients will receive a release from BlockFi for any clawback claims that could be brought against them, including for transfers made prior to the platform pause on November 10, 2022.
- **What happens if the Plan is not confirmed or consummated?**

In the event that the plan is not confirmed or does not go effective, there is no assurance that creditors will receive the potential recoveries reflected in the plan. It is unclear what, if anything, clients would ultimately receive with respect to their claims.

- **Do I still need my BlockFi Account?**

We encourage clients to maintain their BlockFi app and account at this time.

- **Will the company contact me about the plan?**

Please expect correspondence from Kroll, our claims agent, in the coming weeks related to the plan. Clients with questions about the process may call Kroll at (888) 773-0375 (Toll Free) or (646) 440-4371 (International), or email blockfiinfo@ra.kroll.com.

- **Where do I go for more information?**

We encourage all creditors to read the disclosure statement in its entirety for additional information about our plan.

- **Who should I contact with questions?**

Information regarding our chapter 11 cases, including court documents and claim information, can be found by visiting BlockFi's claims agent, Kroll, at <https://restructuring.ra.kroll.com/blockfi>. Clients with questions about the process may call Kroll at (888) 773-0375 (Toll Free) or (646) 440-4371 (International), or email blockfiinfo@ra.kroll.com.

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